

ANNUAL AUDIT OPINION
2019 / 2020



ANNUAL REPORT

Introduction

Arriving at an Opinion

Opinion 2019/ 2020

Basis of Annual Opinion

Resourcing and Performance

Assurance Levels and Recommendations

Appendix B Audit Reports Issued: Opinion of Limited Assurance or No Assurance

INTRODUCTION

The Public Sector Internal Audit Standards (PSIAS) states that the Chief Audit Executive must produce an annual report that can be used to inform the Annual Governance Statement, which forms part of the Council's accounts. It must include an opinion on the overall adequacy of the governance, risk and control framework; a summary of the work from which the opinion is derived and a statement on conformance with the PSIAS.

This report, the Annual Audit Opinion, fulfils these requirements.

The Chief Audit Executive (CAE) at Peterborough City Council is the Chief Internal Auditor, who reports to the Acting Director of Corporate Resources.

ARRIVING AT AN OPINION

Background

The opinion is derived from work carried out by Internal Audit during the year, as part of the agreed Internal Audit Plan for 2019 / 2020. The Internal Audit Plan was developed to primarily provide management with independent assurance on the adequacy and effectiveness of the systems of internal control. We have conducted our audits both in accordance PSIAS and our own internal quality assurance systems. Our opinion is limited to the work carried out by Internal Audit but, where possible, we have considered the work of other assurance providers, such as External Audit.

Risk Based Planning

A risk based approach is used to develop the Internal Audit Annual Plan, allowing us to direct resources at areas key to the organisation's success and to provide an opinion on the control environment as a whole. In an ever changing risk and control environment, it is important that audit plans can adapt quickly to the needs of the Council. As such, risks have been reviewed during the year and the plan has been revised accordingly. Revisions were reported and approved at our mid-year report to Audit Committee on 18 November 2019. Each audit job also uses risk assessment to ensure that suitable audit time and resources are devoted to the more significant areas. Our approach gives precedence to areas assessed as high risk, however we aim to provide coverage over a wide range of activities, as listed below, to ensure our opinion is comprehensive.

- Corporate Governance, including information governance and risk management
- Partnerships and external organisations
- Programmes and projects
- Contracts and procurement
- Financial systems
- Service delivery risks
- Anti-fraud culture

The Audit Review

There are two key elements to each internal audit review.

- Firstly, the control and risk environment is reviewed by identifying the objectives of the system and then assessing the controls in place mitigating the risk of those objectives not being achieved. Completion of this work enables internal audit to establish an opinion on how well the control framework has been designed to mitigate identified risk, and whether there are any gaps in control.
- However, controls are not always complied with which in itself will increase risk, so the second part of an audit is to ascertain the extent to which the controls are operating in practice. This element of the review enables internal audit to form a view on the extent of compliance with the control framework.

Reporting

Where appropriate, each report we issue during the year is given an overall opinion, as shown in the table below.

Certain pieces of work do not result in an audit report with an opinion – such as consultancy work, grant reviews and involvement in working groups. However the certification of grant work should indicate that at the point of approval, information being submitted to external organisation meets required criteria. The assessment from each report, along with our consideration of other audit work, is used to formulate the overall Opinion.

Opinion / Assurance	Description
SUBSTANTIAL	The internal control system is well designed to meet objectives and address relevant risks, and key controls are consistently applied. There is some scope to improve the design of, or compliance with, the control framework in order to increase efficiency and effectiveness.
REASONABLE	The internal control system is generally sound but there are some weaknesses in the design of controls and / or the inconsistent application of controls. Opportunities exist to strengthen the control framework and mitigate further against potential risks.
LIMITED	The internal control system is poorly designed and / or there is significant non-compliance with controls, which can put the system objectives at risk. Therefore, there is a need to introduce additional controls and improve compliance with existing ones to reduce the risk exposure for the Authority.
NO	There are significant weaknesses in the design of the internal control system, and there is consistent non-compliance with those controls that exist. Failure to improve controls will expose the Authority to significant risk, which could lead to major financial loss, embarrassment or failure to achieve key service objectives.

RECOMMENDATION GRADES	
Grade	Description
CRITICAL	Fundamental control weakness that jeopardises the complete operation of the service. TO BE IMPLEMENTED IMMEDIATELY.
HIGH	Major control weakness which significantly increases the risk / scope for error, fraud, or loss of efficiency. To be implemented as a matter of priority.
MEDIUM	Moderate control weakness which reduces the effectiveness of procedures designed to protect assets and revenue of the Authority. To be implemented at the first opportunity.
LOW	Minor control weakness, which, if corrected, will enhance control procedures that are already relatively robust. To be implemented as soon as reasonably practical.

OPINION 2019 / 2020

As Chief Internal Auditor, in line with Public Sector Internal Audit Standards and prior best practice, I am required to provide an opinion on the overall adequacy and effectiveness of the Council's control environment. I have undertaken the following in order to form a basis for providing my assurance:

- Assessed the quantity and coverage of internal audit work against the 2019 / 2020 internal audit plan to allow a reasonable conclusion as to the adequacy and effectiveness of the council's risk management control and governance processes;
- Reviewed the reports from the reviews undertaken during the year by Internal Audit and other assurance providers where appropriate;
- Considered any significant actions not accepted by management and the consequent risks;
- Assessed the status of actions identified as not implemented as part of Internal Audit follow up reviews and subsequent progress tracking;
- Considered the effects of significant changes in the Councils objectives or systems and the requirement for Internal Audit involvement;
- Reviewed and considered matters arising from reports to Council committees; and
- Considered whether there were any limitations which may have been placed on the scope of Internal Audit.

Following consideration of the above I am able to provide the following Opinion for 2019 / 2020:

*I am satisfied that sufficient quantity and coverage of internal audit work and other independent assurance work has been undertaken to allow me to draw a reasonable conclusion as to the adequacy and effectiveness of the Council's risk management, control and governance processes. **In my opinion, the Council has adequate and effective systems of internal control in place to manage the achievement of its objectives.** In giving this opinion, it should be noted that assurance can never be absolute and, therefore, only reasonable assurance can be provided that there are no major weaknesses in these processes.*

Notwithstanding my overall opinion, Internal Audit's work identified a number of opportunities for improving control procedures which management has accepted and are documented in each individual audit report.

Chief Internal Auditor
July 2020

BASIS OF ANNUAL OPINION

The audit work that was completed for the year to 31 March 2020 is detailed at the end of this report and lists each audit and individual result in terms of the audit assurance level and the number of recommendations made. A summary of assurance levels is detailed below. This shows that 80% of the systems that were given an opinion achieved an assurance level of reasonable or higher (2017-18: 84% and 2018-19: 72%).

AUDIT ASSURANCE						
Assurance Levels	Issued			%		
	2017/18	2018/19	2019/20	2017/18	2018/19	2019/20
Substantial	1	1	2	5	5	10
Reasonable	14	12	14	79	67	70
Limited	2	5	4	11	28	20
No	1	0	0	5	0	0
	18	18	20	100	100	100

RECOMMENDATIONS MADE			
	Numbers		
	2017/18	2018/19	2019/20
Low	30	17	27
Medium	47	43	44
High	31	18	40
Critical	0	0	0
	108	78	111

In addition to the audits detailed in the above table, further audit work was carried out which feeds into the overall opinion, including:

- 13 grant reviews, all of which were certified
- 22 pieces of consultancy or control advice;
- 7 governance reports.

At the year-end 8 audit reviews and 1 piece of consultancy work were in progress and audit opinions relating to these will be reported during 2019-20 as part of the agreed performance reporting timetable to the Audit Committee.

Scope Limitations and Impairments

PSIAS states that the CAE should disclose any impairments or restrictions to the scope of Internal Audit work. Our Internal Audit Charter sets out our remit and authority to have full, free and unrestricted access to any of the organisation's records, assets and people. This includes access to organisations where council data is processed as part of a contractual arrangement. One area where we continue to gain further clarity is access to the various external organisations and partnerships in which the Council has an interest, and this is presently being reviewed by the Acting Director of Resources and Director of Governance.

In line with the PSIAS, we have a process for team members to declare any interests that may impact on the impartiality of our work. I can confirm that all declarations have been made as necessary, and no conflicts have occurred during 2019-20 that have impaired the work carried out.

Where the CAE has roles or responsibilities that fall outside of internal auditing, safeguards must be in place to limit impairments to independence or objectivity. The CAE at Peterborough manages the Insurance and Investigations teams, conducts stage 2 corporate complaint reviews and acts as a reserve approver for payments from the Councils (and Combined Authority's until March 2020) bank accounts. Our Charter states that, should we carry out an audit of these areas, the work will be quality assured independently from the CAE. I can confirm that there have been no instances where a conflict of interests has resulted in alternative arrangements being required.

Implementation of Recommendations

Where follow-ups have been carried out 52% of agreed actions have been implemented, 22% were in progress at the time of the review, 17% alternative actions had been taken to address issues arising and 9% were either no longer relevant or not implemented. Where important recommendations have not yet been actioned, we will continue to track progress. The majority of recommendations reported here as being in progress relate to a follow up of the Mayor's Charity review and progress will continue to be monitored.

	Critical	High	Medium	Low	Total	%
Recommendations Agreed	0	23	34	12	69	
Implemented	0	11	18	7	36	52
Partial / In progress	0	4	8	3	15	22
Alternative actions taken	0	7	4	1	12	17
No longer relevant / not implemented	0	1	4	1	6	9

Corporate Governance

The Shareholder Cabinet Committee was introduced during the year to review and have oversight of arrangements for external and commercial bodies. Internal audit has undertaken a review of this committee during the year and it is nearing completion. Findings will be shared in accordance with our normal reporting protocols during the coming year.

A Control Self-Assessment document was issued to all Directors in March 2020. The responses received have then been used to formulate any significant issues for the Annual Governance Statement as well as issues arising from internal audit reports. The Chief Internal Auditor has produced the Annual Governance Statement this year, due to COVID-19 pressures within the business. This is contrary to recommended practice within the audit standards and is considered to be an exception due to the current climate. The final Annual Governance Statement has been discussed with the Directors concerned and agreed by the Chief Executive and the Director of Governance.

Risk Management

The Risk Management Board is chaired by the Acting Corporate Director of Resources and has representation from all directorates, along with Insurance and Internal Audit. Departmental risk registers are updated and discussed at each meeting (bi-monthly) and recorded on VERTO, our project management system. Issues that are assessed with a high level of risk are escalated to the Strategic Risk Register, and reported to Audit Committee. The Project Management Office had the responsibility of collating and reporting the information, which is discussed at Corporate Management Team meetings until December 2019 when the team disbanded. Since this time the responsibility for reporting information has been delegated to the directorate leads. Internal audit will review the effectiveness of this over the coming months. Developments this year include the continued review of shared risks with Cambridge County, for example on Brexit issues and latterly COVID-19. Internal Audit lead on Fraud Risks and have been supporting the business on the development of the COVID-19 risk register. This is monitored and updated on a regular basis as risks emerge during the pandemic.

Information Governance

Internal Audit have been involved in a variety of initiatives and work streams in this area. We conducted a follow-up audit of Information Governance, attended the Information Management Strategic Board meetings; and have kept a watching brief on cyber security developments.

A review of IT asset management has been conducted during the year. Findings indicate that greater emphasis is required for an overarching register or inventory of IT assets to be maintained by Serco, along with stock control. With the increased working agility requirements of staff more recently due to COVID-19, there is an increased risk that an asset may have changed location so further work will be undertaken to monitor this position.

As from April 2019 the Resilience Teams from Peterborough and Cambridge became a shared service within the Corporate and Customer Services Directorate and there is a dedicated Business Continuity officer. Business Continuity arrangements have been reviewed during the year and the report is presently in draft. Findings have highlighted that the focus has been to ensure that internally, services have business continuity plans in place and the Business Continuity Policy has been reviewed to incorporate current practices. Business continuity will continue to be reviewed in 2020/21 as a follow up review to incorporate COVID-19 risks and their implications.

The **Information Governance** teams at Peterborough and Cambridge now operate as a shared service. Our further follow-up review has showed that 11 of the 17 recommendations have been implemented, 4 alternative actions have been introduced as a result of the new working arrangements, with the remaining 2 being progressed.

Financial Governance

The Council continues to face a difficult budget position due to increasing demands for services and reductions in government grants. As a high risk area, we included a review of budgetary control in our plan. The focus of our audit was the processes in place to identify, validate and track savings proposals, and in principle these are good. Those processes can only be effective, however, when there is a common understanding and application of the process, along with

increased ownership and accountability, across the Council. The organisation is working towards greater financial controls being passed to budget managers and work has been ongoing during the year to establish ways of introducing this. With the impact of COVID-19 on the councils resources, further work will be undertaken in 2020/21 to look at this area again.

An audit of shared services is presently underway to review the cross authority charging arrangements for PCC and CCC, along with some shared services for Fenland DC. This also includes governance arrangements to ensure that S113 agreements are in place and that appropriate financial delegations are in place for the business.

Other areas of work where Internal Audit were involved include a review of our Energy Management and Procurement Card Systems. Further details of the review findings are detailed in the executive summaries in Appendix B to this report.

Partnerships and External Organisations

We have completed follow up audits of the Peterborough Investment Partnership and the Norfolk Property Services Peterborough Joint Venture. One of the key issues arising has been resolved with the introduction of the Shareholders Committee which has been reviewed during the year.

We also carried out a financial audit of the Mayor's Charities Fund, in line with Charity Commission requirements, with no matters to report. A follow up to the financial administration of the fund which is now managed in house was undertaken. Of the 19 recommendations 10 were still in the process of being implemented but progress has been made in other areas.

We have also undertaken a review of statutory testing arrangements in Aragon. Finalising the review work has been delayed as a result of resource time of frontline officers being diverted as a result of COVID-19. However work undertaken thus far is indicating that there has been good progress made in this area where there was previously significant concerns.

We will continue to examine this important area in 2020/21 with a follow-up of the above audit, a follow up audit of the Mayor's Charities Fund and ongoing governance review arrangements for external organisations. Further work will also be undertaken with regards to services provided by Aragon.

Programmes and Projects

The report regarding the arrangements for the transfer of services from Amey to our new local authority trading company, Aragon Services, via a review of the management of the project was finalised during the year. This was a complex programme with a number of staffing changes making it challenging to manage. Despite this, the transfer from Amey to PL occurred with a phased mobilisation in February, April and May 2019. Internal Audit did not review the operational success of the programme, however a recent report to the Shareholder Cabinet Committee, September 2019, provides a positive overview of the mobilisation phase and current service delivery.

During March 2020 work commenced around the governments Business Support Schemes, particularly in relation to business grants. Internal audit will continue with this work during 2020/21 undertaking post award validation and any emerging instances of fraud.

Contracting and Procurement

A number of Internal Audit reviews have touched on this topic. A contract tendering assurance framework has been produced which will be utilised for future reviews. A follow up to the Materials Recycling Facility has been conducted where significant progress has been achieved primarily by the introduction of additional resources. Procurement processes at Clare Lodge have also been reviewed. The report is presently in draft but no major issues have emerged. Following a decision to close the Northminster Car Park, the CAE has been involved with the closure review and working group established to review all aspects of the closure. The outcome of the work is still being considered and embargoed due to legal implications.

Service Delivery

A wide range of audits was carried out across all directorates and covering important areas, such as Community Infrastructure Levy, Apprenticeship Levy Scheme and Carbon Commitment Reduction. On the whole there are no major risks to report.

Anti-fraud Culture

Internal audit also includes the investigations team who are responsible for reviewing council tax fraud, corporate fraud, staff misconduct and Blue Badge fraud. A separate report covering their activity for the year is brought to the Audit Committee. There is some crossover in the work of the investigations team and Internal Audit, particularly where control failures have resulted in alleged corporate fraud. Internal Audit has not been involved in any major fraud investigations this year. We did investigate the presentation of fraudulent cheques that were presented to the bank. These were not processed however due to the controls in place and no evidence could be found of internal involvement. We also provided consultancy advice as a result of an attempt to defraud PCC by changing bank account details on intercepted invoices following a hacking event. Significant work has been carried out with regards to the National Fraud Initiative. This statutory exercise involves data matching of public and private sector data to detect potential fraud. The resultant matches have been investigated during the year and audit involvement and outcomes from this exercise are detailed later within this report.

Significant Issues

The PSIAS state that the Chief Audit Executive should report any issues considered particularly relevant to the preparation of the Annual Governance Statement. The following areas are noteworthy.

- **Cyber Security** – work has been ongoing with regards to improving the security around our IT assets and resultant data. A review has highlighted that further work is required to ensure that all assets can be tracked which is particularly relevant in the present lockdown working arrangements with

equipment becoming more mobile and required at locations other than council buildings. Further work will be undertaken during 2020/21 in regards to this.

- **Budgetary Control** – this is a critical time for the Council and there is significant work underway to identify options to bridge the deficit. Our work looked at a discreet aspect of the budgetary process - the arrangements to track delivery of savings targets – and identified a number of areas where practices can be improved. This included the need to have a consistent approach that is understood and followed across the whole organisation, along with the continued development of the corporate savings tracker, thus ensuring proposals are robust and that mitigating actions can be taken if required.
- **COVID-19** – During March 2020 the Council has had to divert some of its resources to provide active support across Peterborough in response to COVID-19. Whilst this is at the end of this reporting financial year audit have revisited working arrangements and audits in progress to focus on the risks arising as a result of the pandemic and potential for increased risks and changing controls.

Limited and No Assurance reports

The audits listed below have resulted in a limited or no assurance opinion. In line with our Internal Audit Charter, where the resultant reports have been issued as a final, executive summaries are provided for your information (see table at the end of this report). Reports with limited assurance that are in draft will be presented to Audit Committee once they are finalised. One report falls into this category.

Reports for 13 July 2020

- Procurement Card System
- Energy Management
- Transition of Amey contract to Council LATCo

RESOURCING AND PERFORMANCE**Resourcing**

During 2019 / 2020, resources were increased from November 19 as a result of recruiting to the Senior Auditor post. Our sickness levels remain low, at an average of 2.0 days per FTE and this has not impacted on the deliverability of audits in general, as we assume a contingency for this when compiling our annual plan.

	No. of posts	Planned	Total in post for 2019/20	Audit Work PCC	Audit Work other entities	Non-Audit Work *
	Posts	FTE	FTE	%	%	%
Chief Internal Auditor	1.0	1.00	1.00	40%	24%	36%
Group Auditor	2.0	1.60	1.60	80%	15%	5%
Principal Auditor	1.0	0.50	0.50	80%	20%	-
Senior Auditor (vacant post filled November)	2.0	1.75	1.41	81%	19%	-
Auditor	1.0	1.00	1.00	97%	-	3%
TOTAL	7.0	5.85	5.51	76%	15%	9%

*Insurance/Investigations/Complaints/Elections/Job Evaluation

Quality Assurance

Compliance with Public Sector Internal Audit Standards:

An external assessment of Internal Audit's compliance with Public Sector Internal Audit Standards (PSIAS) in November awarded the team with a Full Compliance Opinion. This assessment is required to be conducted every five years. The Internal Audit Service has continued to operate in compliance with PSIAS throughout the 2019/20 year with the exception of the AGS as previously stated.

Improvement Plan:

Internal Audit have developed an improvement plan in response to the recommendations of best practice contained within the above report, and including our service development plans. Progress to date includes:

- Ongoing revision of our Audit Charter, Annual Audit Opinion and progress reports to Audit Committee.
- Update of our documented working practices.
- Upgrading of our audit software to incorporate an in system timesheet.
- Increased agile working

Training:

Continuing professional development is a key aspect of the quality assurance programme, to ensure staff have the skills to carry out their responsibilities. There is a limited budget to purchase formal training, and we utilise free webinars, network events and team meetings to deliver training. Staff are also encouraged to carry out their own reading and research. The newly appointed Senior Auditor is studying for professional qualifications and assistance is provided with this where possible. Moving forward the team are hoping to utilise any training opportunities from the apprenticeship levy scheme where considered appropriate. There is also regular supervision of staff and all audits are subject to a quality review by the Group Auditors to ensure standards and quality are maintained.

Performance

Delivery of Plan:

After adjusting for the delay in recruitment we have delivered 906 audit days to Peterborough against a plan of 865 days; and 200 audit days to external organisations against a plan of 210 days. The remaining days for external organisations will be carried forward into 2020/21 where audit work was paused due to COVID-19 as the organisations request.

In accordance with best practice, the Annual Audit Plan was re-assessed throughout the year to ensure it was aligned to changing risks and priorities. The Audit committee reviewed the updated plan at its November 2019 meeting. This report lists the audits as outlined in the November version, along with subsequent additions which are annotated as NEW. Reviews that were removed from the plan as a result of risk priority were the safeguarding assurance framework, Programme Management Office due to restructuring. Homelessness, Cyber Security which was covered in other areas and disaster recovery. Where risk was assessed as a priority, these will be included in the 2020/21 plan. The revised Annual Plan contained 60 separate jobs for the Council, and although some jobs have been removed, others added, and scopes of work have been changed, we have completed 62 pieces of work and have 9 currently in progress.

Overall, there has been significant additional work carried out compared to that originally planned in the following areas:

- Northminster MSCP, Closure Review – Following a decision to close the Northminster Car Park, the CAE has been involved with the closure review and working group established to review all aspects of the closure. The nature of the work involved has resulted in a greater amount of resource being required.
- Connecting Families. There has continued to be a significant increase in the number of claims being submitted as the scheme is nearing its conclusion. Claims are made approximately monthly now, instead of quarterly, and there has been significant involvement in the update of the Council's Outcomes Plan.
- Energy Management System - the corporate utility payment process hasn't been reviewed for a significant period of time and inefficient processes identified numerous errors which required greater analysis.

ASSURANCE LEVELS AND RECOMMENDATIONS 2019 / 2020

Audit Activity	Department	Audit Type	Assurance opinion	Description
ANNUAL GOVERNANCE AND ASSURANCE				
Annual Governance Statement Review	All	consultancy	n/a	Verification of (but not production of) analysed results highlighted for inclusion in the final AGS report to include comparison with the Local Code of Governance. Annual Governance Statement 2018 / 2019 presented to Audit Committee on 15 July 2019.
Annual Investigations Report	All	consultancy	n/a	Annual Report for 2018-19 was presented to Audit Committee on 15 July 2019
Annual Audit Opinion	All	consultancy	n/a	Mid-year progress for 2019-20 was presented to Audit Committee on 18 November 2019.
				Annual Opinion for 2018-19 was presented to Audit Committee on 15 July 2019.
Annual Audit Plan & Strategy	All	consultancy	n/a	For 2020-21 a discussion report was presented to Audit Committee on emerging themes and planning approach on 27 January 2020. The Plan, Strategy, Code of Ethics and Charter were due to be presented to Audit Committee on 23 March 2020 but was cancelled due to COVID-19. Revised papers are being reported at this meeting, on 13 July 2020.
Internal Audit Effectiveness	All	consultancy	n/a	On-going monitoring, review and update against the PSIAS standards and associated action plan.
Audit Committee Effectiveness	All	consultancy	n/a	An annual review that was reported to Audit Committee on 15 July 2019.

Audit Activity	Department	Audit Type	Assurance opinion	Description
CORPORATE GOVERNANCE AND RISK MANAGEMENT				
Information Governance	All	Consultancy	n/a	Ongoing Involvement in the Information Management Strategic Board and any emerging issues, a shared arrangement with PCC and CCC.
Information Governance Framework	Law and Governance	Follow-up	Reasonable	The previous report highlighted 17 recommendations for action with a Reasonable audit opinion. Follow up review work has found that 11 recommendations have been implemented, 4 alternative actions have been introduced and 2 recommendations are in the process of being actioned.
IT Strategies	Resources	Consultancy	n/a	An on going role as a critical friend role via the Strategic Governance Board, where various policies have continued to be reviewed and discussed.
Risk Management	All	Consultancy	n/a	Ongoing Involvement in the Risk Management Board and any emerging issues of which the Chief Internal Auditor is a member. The Board meets on a monthly basis and reviews all departmental risk registers and corporate risks. Escalation processes are in place to refer departmental risks through to CMT. Reports were provided to Audit Committee on 16 September 2019.
Risk Management COVID-19 Risk Register NEW	All	Consultancy	n/a	Ongoing Internal Audit involvement in the development and production of a COVID-19 Risk Register following the inception of the Coronavirus pandemic. This work is ongoing and has rolled forward into the 2020/21 Audit Plan in terms of delivery and monitoring.
External Bodies Oversight – Shareholder Cabinet Committee	All	Risk Based		In progress Governance arrangements relating to the new shareholder cabinet committee responsible for overseeing Peterborough Limited and the organisations other activities such as partnerships and charities.

Audit Activity	Department	Audit Type	Assurance Opinion	Description
ANTI FRAUD CULTURE				
National Fraud Initiative	All	Consultancy	n/a	<p>14 dataset extracts matched by the Cabinet Office have produced 6,148 matches (of which 3,757 relate to creditors) and work has been ongoing during the year. Example findings have highlighted:</p> <ul style="list-style-type: none"> • Duplicate creditors have been identified through a number of matches. This has resulted in the identification of two duplicate payments totalling £1,989-90 which are in the process of being recovered; • 132 blue badge cases relate to where the recipient has died and the badge could still be in circulation, with 2 further cases relating to badges being issued at two different authorities for the same person. While the Council records have been updated we are awaiting confirmation with the section that administers the scheme to establish whether each permit has been recovered or are in the process of being recovered. For NFI outcomes, if the Permit is cancelled, a notional value of £575 per badge is attributed resulting in an estimated £77,050 in potential future parking income. • Similarly in relation to concessionary fares, 589 travel passes relate to where the recipient has died and the travel pass could still be in circulation. Permit records have been updated. For NFI outcomes, if the Pass is cancelled, a notional value of £24 per pass is set aside – potentially resulting in a loss of £14,136. • 1,777 matches regarding Council Tax to the electoral register have been reviewed to date. A total of £61,227 has been identified to date for recovery in relation to 147 cases and steps have been taken by Council Tax to recover. (In comparison, the previous years exercise was 35 cases / £16,000), • Creditor matches to payroll, potential Vat overpayments and payroll to Companies House (Directors) matches did not identify any errors or areas of concern following investigation.
Anti-Fraud Policies	All	Consultancy	n/a	<p>Policies have been refreshed during the year and presented to Audit Committee on 27 January 2020 in relation to:</p> <ul style="list-style-type: none"> • Sanction and Prosecution Policy – Council Tax • Sanction and Prosecution Policy – Blue Badge and Parking Permits • Counter Fraud Policy – Money Laundering
Fraudulent Cheques NEW	People and Communities	Consultancy	n/a	<p>The presentation of fraudulent PCC cheques for payment. These were stopped by the bank resulting in no loss to the organisation. No evidence of internal involvement in the attempted fraud was identified.</p>

AUDIT ACTIVITY	Department	Audit Type	ASSURANCE LEVEL	RECOMMENDATIONS MADE					COMMENTARY
				Critical	High	Med	Low	Total	
FINANCIAL SYSTEMS									
Savings Targets	Resources	Risk Based (C/Fwd)	Reasonable	0	5	4	1	10	A review of the process for identifying and tracking the delivery of savings.
Procurement Card System	Resources	Consultancy (C/Fwd)	Limited	0	2	3	0	5	Provision of guidance on the control environment throughout the implementation phase of BSM
Energy Management	P&E / Resources	Risk Based	Limited	0	12	5	6	23	A review of processes in place for managing our energy costs, including contractual arrangements, data collection and monitoring and payment of invoices. See executive summary
Shared Services	P&E / P&C	Risk Based							In progress Review of cross authority charging arrangements for PCC/CCC and Fenland DC, to also include governance arrangement and financial delegations
Mosaic Payment Controls	People and Communities	Consultancy (unplanned)	n/a	n/a	n/a	n/a	n/a	n/a	Advice on control requirements for mosaic and agresso payments interfaces.
Cyber Attack – August 2019 NEW	Resources	Consultancy	n/a	n/a	n/a	n/a	n/a	n/a	An attempt to defraud PCC by changing bank account details on intercepted invoices following a hacking event.

Audit Activity	Department	Audit Type	Assurance Opinion	Recommendations Made					Description
				Critical	High	Med	Low	Total	
EXTERNAL ORGANISATIONS									
Peterborough investment Partnership	Place and Economy	Follow Up	Reasonable	n/a	n/a	n/a	n/a	n/a	A follow up review of the arrangements in place to manage the Council's interests in this joint venture arrangement. All 3 recommendations have been implemented.
Norfolk Property Services Peterborough	Resources	Follow Up	Reasonable	n/a	n/a	n/a	n/a	n/a	A follow up review of the arrangements in place to manage the Council's interests in this joint venture arrangement, plus an overview of the management of the contract. Of the 6 recommendations previously made: <ul style="list-style-type: none"> • 3 have been fully implemented • 2 actions are in progress • 1 no significant process
Mayors Charity	Law and Governance	Follow Up	Reasonable	0	0	0	1	1	A follow up review of the 19 recommendations made have shown that: <ul style="list-style-type: none"> • 3 have been fully implemented • 1 alternative action has been introduced • 10 actions are in progress/partially implemented • 5 no significant progress There has also been 1 additional recommendation made as a result of the audit work undertaken. Memo Issued.
Aragon Services – Statutory Testing	Place and Economy	Risk Based							In progress This review will focus on the following areas: <ul style="list-style-type: none"> • Delivery of the statutory testing programme. • Document retention. • Monitoring and management of the testing programme.

Audit Activity	Department	Audit Type	Assurance Opinion	Recommendations Made					Description	
				Critical	High	Med	Low	Total		
PROGRAMMES AND PROJECTS										
COVID-19 – Corporate Process Changes	All	Risk Based								In progress A review of process and policy changes with regards to impact on risk and controls.
COVID-19 – Business Support Schemes	Resources	Risk Based								In progress Internal audit involvement with the various COVID-19 schemes such as business grant payments to include fraudulent claims.
Transition of Amey contract to Council LATCo	Place and Economy	Risk Based (C/fwd)	Limited	0	4	0	0	4		The management of the project to ensure the desired outputs are achieved. See appendix B
Agresso – Periodic Supplier Payments	Resources	Consultancy	n/a	n/a	n/a	n/a	n/a	n/a		A review of the Periodic Supplier Payments (PSP) facility. Memo
CONTRACTS AND PROCUREMENT										
ESPO	Resources	Consultancy	n/a	n/a	n/a	n/a	n/a	n/a		Consultancy advice on the specification for the audit Espo Framework
Northminster MSCP: Closure Review NEW	Resources	Risk Based	n/a	0	15	12	3	30		In draft A review of the circumstances leading up to the car park closure. Specific focus included a review of the contracting arrangements, property maintenance schedule and regime, health and safety and finances.
Materials Recycling Facility	Place and Economy	Follow Up	Reasonable	n/a	n/a	n/a	n/a	n/a		Review findings identified that there has been substantial improvement in the new contract management arrangements. Of the 18 recommendations, 11 have been actioned with the remaining 7 being addressed with alternative actions.

Audit Activity	Department	Audit Type	Assurance Opinion	Recommendations Made					Description
				Critical	High	Med	Low	Total	
CONTRACTS AND PROCUREMENT (Continued)									
Clare Lodge – Contract Procurement Processes	People and Communities	Risk Based	Reasonable	0	0	0	1	1	In draft A review of procurement and contracting arrangements.
Contract Tendering	Resources	Risk Based C/Fwd	n/a	n/a	n/a	n/a	n/a	n/a	Compilation of an assurance framework identifying ownership for controls in place to mitigate risks, and highlighting any gaps. Complete

Audit Activity	Department	Audit Type	Assurance Opinion	Recommendations Made					Description
				Critical	High	Med	Low	Total	
SERVICE DELIVERY									
Business Continuity	Corporate	Risk Based	Reasonable	0	0	4	3	7	Report to be finalised The review focussed on: <ul style="list-style-type: none"> The Council's approach to business continuity The existence, appropriateness and testing, of service level documentation The approach taken regarding shared and outsourced services.
0-25 Disabilities Service in Peterborough and Cambridge	People and Communities	Risk Based	Reasonable	0	0	4	3	7	A review of this service across both Peterborough and Cambridgeshire Councils (carried out as two separate jobs). Details here relate to Peterborough only.
Carbon Reduction Commitment	Place and Economy	Compliance	Reasonable	n/a	n/a	n/a	n/a	n/a	Any issues arising that required data amendment were discussed during the CRC certification process. This was the final year for certification purposes.
IT Asset Management	Resources	Risk Based	Limited	0	1	7	3	11	In draft To review the processes in place for portable IT equipment to ensure they are adequately managed, deliver operational efficiency and value for money and are accurately valued for insurance purposes.
Taxi Licensing	Resources	Risk Based (C/Fwd)	Substantial	0	0	0	3	3	Covering the process for issuing taxi licenses, including safeguarding arrangements, in accordance with the Serious Organised Crime Pilot.
Gifts and Hospitality	Law and Governance	Compliance (C/Fwd)	Reasonable	0	0	3	1	4	Covering the processes in place to protect against 'insider threat' aspects of the Serious Organised Crime report. It was found that Gift and Hospitality registers are in place for staff, members and the Mayor, although only a few records of hospitality or gifts have been approved and recorded. Recommendations include increasing awareness at potential peak times such as Christmas to ensure declarations are made where appropriate.

Audit Activity	Department	Audit Type	Assurance Opinion	Recommendations Made					Description
				Critical	High	Med	Low	Total	
SERVICE DELIVERY									
Community Infrastructure Levy	Place and Economy	Risk Based	Reasonable	0	1	2	0	3	In draft The scope covered the Council's approach to the administration of the Community Infrastructure Levy including a review of Policy, liability arrangements, monitoring of payments, funds allocation and accounting arrangements.
Health and Safety	Corporate	Follow Up							In progress The follow up on management actions following the issues identified in the Internal Audit and 4OC reports and to include arrangements in place for multi-occupancy buildings.
Apprenticeship Levy Scheme	Law and Governance /various	Risk Based)	Reasonable	0	0	0	2	2	In draft The review was to ensure that the scheme complies with Education & Skills Funding Agency (ESFA) requirements, PCC are utilising the levy funding to achieve ESFA targets and systems are in place to monitor the quality of training delivery.
Armed Forces	Law and Governance / Resources	Consultancy	n/a	n/a	n/a	n/a	n/a	n/a	Review of documentation and consultancy advice provided during the course of the work.
Disabled Facilities	People and Communities	Risk based	Substantial	n/a	n/a	n/a	n/a	n/a	Evaluation of new in-house system processes
Safeguarding Action Plan	People and Communities	Follow up	Reasonable	n/a	n/a	n/a	n/a	n/a	Review work found that all 6 recommendations had been implemented or was nearing completion.
Lone Working	People & Communities / All	Risk Based	n/a	n/a	n/a	n/a	n/a	n/a	Initial review scope was amended to provide advice as required due to a policy review being undertaken within the People and Communities directorate.

Audit Activity	Department	Audit Type	Assurance Opinion	Recommendations Made					Description
				Critical	High	Med	Low	Total	
SERVICE DELIVERY									
Shared Services	P & C/ P & E	Risk Based							In progress Review
Schools	People and Communities	Risk Based							In progress A review of procurement processes within a selection of schools to governance arrangements, contract arrangements and monitoring.
Consultancy - Various	Resources / Governance	Consultancy	n/a	n/a	n/a	n/a	n/a	n/a	2 memos relating to Leave card and Timesheet testing 4 memos regarding Riverside Pavillion, Academy Bacs failure, Mileage Claims and Chaps payments.

AUDIT ACTIVITY	Department	Audit Type	ASSURANCE LEVEL	COMMENTARY
GRANTS AND OTHER CERTIFICATION				
Bus Service Operators	Place and Economy	Grant	Certified	A DfT grant to support bus services, including community transport services.
Integrated Transport and Highways Maintenance Grant	Place and Economy	Grant	Certified	A DfT grant via the CPCA to help local authorities cut carbon emissions and create local growth.
Pothole Action Fund	Place and Economy	Grant	Certified	A capital funded DfT grant via the CPCA to support pothole repairs.
National Productivity Investment Fund	Place and Economy	Grant	Certified	DfT funding via the CPCA for 2018/19 to improve local road networks and public transport.
Local Transport Capital Funding NEW	Place and Economy	Grant	Certified	An additional highways grant from the DfT (non CPCA) to support highways maintenance
Highways Maintenance Challenge Fund	Place and Economy	Grant	Certified	This DfT grant is used by local authorities for small transport improvement schemes costing less than £5 million and also for planning and managing the road networks.
Disabled Facilities Grant	People and Communities	Grant	Certified	Non ring-fenced capital funding towards grants that the council can award to disabled clients for necessary housing alterations.
Taxi Infrastructure Grant NEW	Place and Economy	Grant	In progress	DfT funding to support and improve Taxi Infrastructure.
Connecting Families	People and Communities	Certification	Certified	A payment-by-results scheme from MHCLG in relation to the government's Troubled Families programme. Claims are made monthly and there is a requirement to verify 10% of these. We are also required to review the Outcome's Plan which demonstrates how the Council will apply the qualification and success criteria. There has been a significant increase in the number of claims being submitted as the scheme is nearing its conclusion.
Carbon Reduction Commitment	Place and Economy	Certification	Certified	A verification of the Council's submission of annual energy usage figures in accordance with the requirements of the Environment Agency.
Mayor's Charity fund	Law and Governance	Certification	Certified	An audit of the accounts maintained in relation to fund-raising for the Mayor's Charities Fund in 2018/19 in line with Charity Commission requirements.

AUDIT ACTIVITY	Department	Audit Type	ASSURANCE LEVEL	COMMENTARY
GRANTS AND OTHER CERTIFICATION: Continued (External)				
Hampton Hargate School NCTL NEW	P&C	Certification	Certified	Various funding streams received from the DfE to support establishments with teaching school status.
The Pheonix School NCTL NEW	P&C	Certified	Certified	Various funding streams received from the DfE to support establishments with teaching school status.

EXTERNAL WORKS	Work which generates income for the council
Combined Authority	13 reviews are completed or in progress for this external client.
Vivacity	9 reviews are completed or in progress for this external client.

FINAL AUDIT REPORTS ISSUED: OPINION OF LIMITED ASSURANCE OR NO ASSURANCE

AUDIT ACTIVITY	ASSURANCE RATING	DATE TO AUDIT COMMITTEE
Purchasing Card System	Limited	13 July 2020
Energy Management	Limited	13 July 2020
Transition of Amey contract to Council LATCo	Limited	13 July 2020

Executive Summary - PCard Management System (BSM)

Introduction

Government Procurement Cards (also known as GPCs and PCards) were introduced to the Council many years ago. GPCs are provided by Barclaycard, and are similar to credit cards. At the time of this report, there had been 8198 transactions in the 2018/19 financial year, with total expenditure approximately £1.2m. Two GPCs account for circa £760k of this expenditure, in the areas of Housing Needs and the corporate Capita Travel and Accommodation contract. GPCs were last subject to an internal audit in 2013. The main finding had been that none of the seven cardholders interviewed passed their transaction logs, card statements, and receipts to their line manager every month for review, so there was no check on the appropriateness of transactions, and therefore effectively no separation of duties in the process. This should be a key control in the process.

The Council used an electronic web-based management system for GPCs, which is called First Data, although it is better known under its old name, DCal. DCal collated the details of charges from corporate GPCs from electronic point of sale terminals. Every month end the transaction data is exported to Agresso, so that transactions can be accounted for against the appropriate budgets. The Council is currently implementing a replacement to the DCal system called Business Spend Management (BSM). BSM was due to go-live from 1st April 2019. It is understood that BSM, while performing broadly the same role as DCal, has better functionality and reporting capability than DCal. Time was allocated in the 2018/19 Audit Plan for provision of control advice. Internal Audit were asked to provide control advice relating to the implementation of BSM.

Objectives and Scope

The purpose of the audit was to provide guidance and support on the control environment throughout the implementation phase.

The scope covered

- Controls within the BSM system (including user access and permissions, review of transactions, and transfer of transactional data to Agresso), and in any manual processes directly related to use of BSM.
- Ongoing accessibility of transactional data held in First Data once BSM is implemented.

Although the scope was not intended to cover other areas relating to Government Procurement Cards, it included provision of guidance on GPC related issues, if any came to light.

This audit was conducted in accordance with proper audit practices, which are set out in the Public Sector Internal Audit Standards (PSIAS). The audit was planned and performed so as to obtain all relevant information and sufficient evidence to express an opinion.

Main Findings

- There is inconsistent approach across the Council as to who cardholders should be, with GPCs reasonably evenly distributed between junior officers, junior/middle management, and senior management. Some cards are used very infrequently.
- Although the BSM system can require managerial review of transactions to be evidenced, it seems likely that this functionality will not be enabled, leaving managerial review of transactions as an entirely off-system control.
- It has come to light that some card-sharing (i.e. cardholders permitting others to use their GPCs) has taken place. In some cases, this was because emergency transactions had been necessary. Card-sharing is inappropriate since it obscures the audit trail, and breaches the explicit instructions that each cardholder has signed up to.

Conclusion and Opinion

Barclaycard have said that BSM is a very flexible system, and that within reason, it can be tailored to meet the client's specification. The BSM Focus Group has discussed set-up options for BSM. We have provided advice on the implications of possible controls within BSM to either the focus group or to the Procurement lead. As yet we have not been provided with any written proposals over how BSM will be implemented. It is our understanding that BSM will initially be implemented in way that is broadly consistent with the DCal set up, in order that BSM can be introduced quickly. Consideration will later be given to further changes that can be phased in as required.

Managerial review of transactions are a key control within the GPC transaction process to ensure that transactions are appropriate. Without this control, inappropriate transactions may not be identified in a timely manner, if at all. DCal had the ability to require on-system managerial review of cardholders' transactions, but this facility was not generally implemented, so there was no centrally-available evidence that the key control had been complied with. As management checks will remain entirely off-system once BSM is implemented, there is no real change to the control environment. It would be preferable for evidencing of managerial review to be required in BSM, although this would need an appropriate approval hierarchy to be established.

Guidance for the corporate Procurement Requirement Form and SourceDogg process recommends use of GPCs for purchasing of low value items or for one-time only use of suppliers. The main findings detailed above suggest that GPCs could be better allocated, to allow the Council to benefit from more efficient purchasing. Revisiting the purpose of GPCs, who needs them, and why, could provide direction on how BSM should be set up.

The main body of this report goes into more detail behind some of the unresolved questions around BSM. The audit opinion is Limited Assurance. This rating has been influenced by the system control environment, as has been explained to us, not seeming to be significantly different to DCal.

Executive Summary – Energy Management

Introduction

An audit of Peterborough City Council's energy billing management is included in the 2019-20 audit plan. A draft Corporate Energy Strategy had been jointly produced by Peterborough City Council and Cambridgeshire County Council (CCC), with the aim of reducing energy consumption, generating income and cost savings, and attracting investment for low carbon infrastructure. The strategy was approved by the Cabinet Member for Waste, Street Scene and the Environment in September 2019. Within Peterborough City Council, some reliance has been placed on the energy data collected in recent years for the Carbon Reduction Commitment (CRC) scheme. However the CRC scheme came to an end this summer, so that valuable source of consumption information will no longer be available.

Energy billing within the Council has not been subject of an audit for a number of years, although regular assurance work on the annual CRC submissions has identified issues with some gas and electricity supplies not receiving regular meter readings. Payment of the Council's utility bills is the responsibility of two teams. NPSP are responsible for paying most corporate utility bills. This is because payment of utility bills were centralised under the strategic property function in 2010. Electricity bills for street lighting are the exception, and these are handled by the Street Lighting team within Transport & Engineering. Between 4.4.18 and 20.5.19 there were approximately 4300 bills processed by these teams, with a total gross expenditure circa £4.1m.

Objectives and Scope

The purpose of the audit was to establish how the Council manages its energy bills to ensure that payments are made promptly, that the amounts charged are reasonable, and its records will be sufficient to provide a reasonable baseline for future energy-related projects. The scope covered contractual arrangements, bill paying and data collection in relation to the supplies received by the Council. The scope did not include other utilities, although any issues around payment of gas and electricity bills may also be relevant to water bills. Therefore consideration should be given to whether individual recommendations made in the report should be extended to water bills.

This audit was conducted in accordance with proper audit practices, which are set out in the Public Sector Internal Audit Standards (PSIAS). The audit was planned and performed so as to obtain all relevant information and sufficient evidence to express an opinion.

Main Findings

- There is no one officer with day-to-day management responsibility for energy supply contracts and billing. Several teams involved in these processes work for partner / joint venture organisations, with different Council-side officers managing the partnership contracts. There is no written guidance to explain expected processes and the contract with NPSP does not clearly specify the Council's expectations.
- There is no single list of all Council supplies, including consumption data, which can be used to identify ongoing energy supplies at any point in time, for the purposes of arranging corporate supply contracts, or to enable a strategic overview of energy consumption.
- The main corporate process for paying utility bills is virtually the same interim process that was introduced in 2010 to allow time for suitable payment automation arrangements to be investigated. Little progress was made towards payment automation, and by default the interim process has become permanent. This process is inefficient, unreliable, results in numerous payment errors, and inhibits traceability of bills and payments. Audit testing found evidence of significant overpayments; duplicate payments; un-redeemed credit notes; bill batches that failed to reach Agresso and remain unpaid; incorrect treatment of rolled-forward account balances, and gaps in billing that do not appear to have identified and resolved. Whilst payment automation will not, on its own, resolve all issues, it will improve efficiency and reduce errors in payment. This may allow more focus on checking the accuracy and completeness of billing.
- Most of the Council's gas and electricity supplies are with suppliers (Corona and British Gas) who do not quote account balances and recent payments received on their bills. Most officers involved in bill-paying do not have access to energy suppliers' on-line portals. Therefore, the Council will not know what the official account balances are, and whether they are correct.
- There have been no clear responsibilities for taking actual meter readings and submitting them to the supplier. This leads to prolonged periods of estimated billing, which is inherently inaccurate. A recent programme initiated by a Senior Accountant with responsibility for street lighting to obtain actual meter readings resulted in reimbursement to the Council via credit notes for more than £10k. It is understood that work has started to address this issue.

Conclusion and Opinion

Street lighting electricity bills generally appear to be processed in a reasonable and timely manner, and their budget workbook would highlight if any expected bills were not received. The corporate utility bill payment process is inefficient, not particularly effective, and testing has identified many errors and issues. The historic decision to process batches of bills through the main finance system as if each batch was a solo invoice has had predictable consequences, particularly with regard to some payments not being correctly allocated by the supplier. This may not have been a problem had the interim process genuinely been short term while payment automation was introduced, but the outsourcing of the Strategic Property function in 2011 seems to have caused any progress to be lost. Payment automation could provide a more efficient process, and may allow the Council to benefit from discounts for prompt payment, so this option should be explored. It is a concern that there appears to be no real corporate view of energy account balances in respect of our two major suppliers. As the Council's decision to move to corporate contracts arranged via ESPO may see changes in suppliers, all accounts with British Gas and Corona need to be reviewed quickly to establish whether the Council has any substantial liabilities, or monies owed to it by those suppliers.

The new joint corporate energy strategy comments that:

"Data is key for managing energy demand and how to make efficiencies. It is critical to ensure that data collection is in place and that it is analysed to inform decisions to aid projects and manage costs."

Meaningful data collection and analysis requires the capture of consumption and cost data from all supplies, and recording it in consistent and useable format. With most of the officers involved in energy procurement and bill processing coming from the Council's partner organisations, it is difficult to see how this can be achieved unless a lead officer is appointed Council-side to manage and co-ordinate of all of the Council's energy contracts and billing. It is unlikely that payment automation or other significant long term improvements to bill-paying processes could be introduced without a Council-side lead officer to drive them forward.

The issues identified during the audit are explained in more detail in the main body of this report, along with recommendations for addressing them. The audit opinion is Limited Assurance.

Executive Summary - Transition of Amey contract to Council LATCO

Introduction

In July 2018 Cabinet made the decision to transfer services provided under the Amey contract to a Local Authority Trading Company (LATCo), as Amey were making a substantial loss and Peterborough City Council (PCC) had concerns over quality and performance. A loan facility of up to £1.75 million to the Company was also authorised, to provide working capital and cover start - up costs. The programme for transition of services commenced following Cabinet approval in July 2018, and a phased transition approach was taken between February and May 2019.

Objectives and Scope

The purpose of this audit was to review programme management arrangements to ensure that:-

- Corporate processes are followed ☐ Adequate governance arrangements are in place ☐ There is stakeholder engagement ☐ Appropriate skills & resources are utilised ☐ There is effective communication ☐ Finance & risk are adequately considered and addressed;
- A review of the process of Programme Management during planning and delivery only, in relation to the transfer of services provided by Amey to a PCC wholly owned Local Authority Trading Company (LATCo). Information has been gathered from 4OC, Project Programme & Assurance Office, client side Peterborough City Council Officers and Serco.
- The programme of work that enabled the transition to take place was reviewed. The project outcomes, benefits realisation and subsequent operation of the company did not form part of this review.

Main Findings

There have been many changes of personnel throughout this project, particularly in the programme management role, resulting in unclear lines of delegation and responsibility, a lack of clear ownership within PCC, and limited evidence of a structured approach.

The corporate project management system, Verto, was not used and it is unclear why this decision was made. A structured programme management approach was instigated in January 2019 by the PCC Project Programme & Assurance Office, but was used inconsistently by the variety of staff involved in the project from PCC, Serco and external consultants.

The documentation we would expect for a project of this size was not found. Most of the information we viewed was brought together during the structured approach mentioned above, although it was not complete. There was very little information available before or after this period, and none of that was in a structured format.

It was discovered that Internal Audit do not have access rights to audit the governance arrangements of Peterborough Limited (PL). This compounded the issue in relation to information availability post April 2019, but was not the reason for our inability to locate sufficient information prior to this time.

Conclusion and Opinion

This was a complex programme with a number of staffing changes making it challenging to manage. Despite this, the transfer from Amey to PL occurred with a phased mobilisation in February, April and May 2019. Internal Audit did not review the operational success of the programme, however a recent report to the Shareholder Cabinet Committee, September 2019, provides a positive overview of the mobilisation phase and current service delivery.

Whilst the project to transfer services from Amey to Peterborough Limited (PL) has completed, limited evidence was available to demonstrate that the process was effective, efficient and economic. This is of concern for a project of this size and the lessons learned should be used to inform future projects. In particular, it is important that all staff involved in a project are aware of their responsibilities and accountabilities and understand the project approach to be followed.

This report details recommendations that cannot be addressed in relation to the processes for this particular project. However, they are relevant to all future programmes and projects to ensure smooth delivery, successful outcomes and a review / lessons learned process. In light of the disbandment of the Project, Programme and Assurance Office, Corporate Management Team should consider processes for structured and documented management arrangements for the future.

The audit opinion is Limited Assurance.